The House Tuesday padded a bill to out-law several credit card practices deemed “unfair and deceptive” by federal regulators, but the legislation is unlikely to clear the Senate before the end of the 110th Congress.

Though overshadowed by the broad financial crisis gripping the nation, the 312=112 vote on the bill (HR 5244) signified a noteworthy victory for consumer rights advocates who have thrown major support behind the legislation since its inception in February.

“We see this as truly a historic vote,” said Travis Plunkett, the legislative director of the Consumer Federation for America. “The credit card industry has been able to stop proposals to rein them in for over a decade.”

In addition, the vote represents a personal victory for Carolyn B. Maloney, a New York Democrat and chairwoman of the House Financial Service Institutions and Consumer Credit Subcommittee.

Maloney, the bill’s sponsor, has championed some form of credit card regulation since 2007 and has played a large role shepherding the bill through treacherous political waters.

“Credit cards are an essential part of our economy, but for too long card issuers have been allowed to do whatever they want any time, for any reason,” Maloney said. “This bill will get credit card practices back to basic principles of contractual fairness.”

Political Cover?

House Republican called the vote an unnecessary political stunt. Senate aides said there is virtually no chance that their chamber will consider the bill before the end of this Congress.

“There is absolutely no legitimate reason to do this except to try and provide political cover for some people and to put others in a difficult political situation.” California Republican **John Campbell** s aid.

However, 84 Republicans voted for the measure. Among key provisions, the bill would require that cardholders be give 45 days’ notice of any interest rate increase on an account.

The bill would bar “double-cycle billing,” the practice of computing charges on outstanding balances from more than one billing cycle.

The bill also would prohibit the practice of “universal default,” in which card issuers raise a cardholder's interest rate because of behavior relative to other creditors- even if the cardholder is in good standing, for the account in question.

Industry Objections

Despite having considerably large issues on their hands in the form of a proposed $700 billion bailout of financial markets, industry representatives didn't hesitate to fire off numerous shots at those voting for the bill.

"Legislation resulting in higher prices to consumers makes little sense at anytime, let alone when global markets face the degree of turmoil that confronts them today," said Edward L. Yingling, president of the American Bankers Association

"By limiting their ability to manage risk in making loans, this bill will force lenders to increase prices for everyone to compensate for that added risk, Yingling said." That is not fair."

The bill's opponents also argued that, with nearly identical rules proposed by the Federal Reserve slated to take effect by year's end, congressional action is unnecessary.

"I just trust the experts there to be able to put together rules and regulations to address this issue," said Republican Michael N. Castle of Delaware, a state that is home to a large portion of the credit card industry. "I think the issue would be addressed, but I think Congress is, to a degree, guessing or surmising."

The Fed promulgated the rules in May. They elicited more than 50,000 responses during the mandatory comment period, a great number of which were supportive of the proposals.

House Financial Services Chairman Barney Frank, D-Mass., countered that while the Fed's rules were on the right track, it was the job of Congress to ensure the regulation takes effect.

"There's an element of convenience in the invocation of the argument, 'Let's defer to the Federal Reserve,'" Frank said, "No, let's exercise the powers given to us under the Constitution."

The White House stopped short of issuing a veto threat, but it stated its opposition Monday, saying in a statement that the bill "would broadly constrain the ability of financial institutions to price risk, likely resulting in less access to credit and higher interest rates for consumers."